

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division  
Public Programs Branch**

**RESOLUTION T-16086  
October 9, 1997**

**RESOLUTION**

RESOLUTION T-16086. ALL INCUMBENT LOCAL EXCHANGE CARRIERS, FACILITIES-BASED COMPETITIVE LOCAL CARRIERS, AND FACILITIES-BASED BROADBAND COMMERCIAL MOBILE RADIO SERVICE (CMRS) CARRIERS. TO ESTABLISH PROCEDURES AND GUIDELINES FOR DESIGNATING ELIGIBLE TELECOMMUNICATIONS CARRIERS PURSUANT TO THE FEDERAL COMMUNICATIONS COMMISSION'S REPORT AND ORDER (FCC 97-157) IN THE MATTER OF FEDERAL-STATE JOINT BOARD ON UNIVERSAL SERVICE (CC DOCKET NO.96-45).

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**SUMMARY**

Pursuant to the Federal Communications Commission's Report and Order on Universal Service (FCC 97-157), only eligible telecommunications carriers (ETCs) designated by state commissions will be eligible to receive federal high cost, low income, and most rural health care universal service support beginning January 1, 1998.<sup>1</sup> This Resolution establishes procedures and guidelines for carriers to request designation as eligible telecommunications carriers (ETCs) in accordance with the FCC rules. Carriers seeking ETC status beginning January 1, 1998, need to submit (1) self-certification letters indicating their compliance with the eligibility requirements set forth in the FCC rules, and if necessary, (2) any advice letters to implement tariff changes consistent with the FCC requirements, to the Telecommunications Division by November 3, 1997. Requests for (1) additional time to complete network upgrades needed to provide single-party, E911, or toll limitation services,<sup>2</sup> and/or (2) a waiver of the ETC requirement not to disconnect Lifeline service for non-payment of toll charges,<sup>3</sup> should be submitted on the same date for Commission consideration. Another Commission resolution granting ETC status to those carriers that the Commission finds eligible will be issued in December 1997.

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<sup>1</sup> 47 C.F.R. § 54.201(a).

<sup>2</sup> 47 C.F.R. § 54.101 (c).

<sup>3</sup> 47 C.F.R. § 54.401(b)(1).

## **BACKGROUND**

The Federal Communications Commission's Report and Order on Universal Service (FCC 97-157), issued on May 8, 1997, and modified on July 10, 1997, through Order on Reconsideration (FCC 97-246), established new federal universal service rules. Many of these universal service rules require state action in order to implement. The Commission has undertaken a step in this direction by approving the discount matrix for intrastate services provided to eligible schools and libraries in Resolution T-16052. That resolution will enable California schools and libraries to request federally funded discounts for intrastate telecommunications services under the new federal universal service program.

The FCC rules also require state commissions to designate eligible telecommunications carriers (ETCs) pursuant to 47 C.F.R. § 54.201-203 and to designate service areas consistent with 47 C.F.R. § 54.207 by January 1, 1998. "Service area" is a geographic area established by a state commission for which an ETC shall have universal service obligations and receive federal universal service support. For rural telephone companies, the FCC retains such companies' study areas as their service areas, unless a state commission or the FCC proposes otherwise following certain procedures.<sup>4</sup>

Only ETCs designated by state commissions pursuant to the criteria in section 214(e) of the Communications Act of 1934 (the Act), as amended, will be eligible to receive federal high cost, low income, and most rural health care universal service support, beginning January 1, 1998. The FCC rule § 54.201(d) states that a common carrier designated as an ETC shall, throughout the service area for which the designation is received:

1. offer the services that are supported by federal universal service support mechanisms under subpart B of this part and section 254(c) of the Act, either using its own facilities or a combination of its own facilities and resale of another carrier's services (including the services offered by another [ETC]); and
2. advertise the availability of such services and charges therefor using media of general distribution.

"Facilities" as the term is defined in the FCC rules means any physical components of the telecommunications network that are used in the transmission or routing of the services that are designated for universal service support.<sup>5</sup> "Own facilities" includes, but is not limited to, those obtained by carriers as unbundled network elements (UNEs), provided they meet the facilities definition.<sup>6</sup> "Pure" resellers or those telecommunications carriers that offer the services supported by the federal universal service support mechanisms exclusively through resale of another carrier's services are not eligible for ETC status under the FCC rules.<sup>7</sup>

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<sup>4</sup> 47 C.F.R. § 54.207(b) to (d).

<sup>5</sup> 47 C.F.R. § 54.201(e).

<sup>6</sup> 47 C.F.R. § 54.201(f).

<sup>7</sup> 47 C.F.R. § 54.201(i).

The FCC declined to adopt nationwide standards to implement the advertising requirement, but instead allowed states to establish any guidelines if necessary to govern such advertising. The FCC does encourage states to consider advertising targeted to the general residential market instead of advertisements in business publications with limited circulation.<sup>8</sup>

The FCC adopted a set of services which all ETCs are required to offer in their service area in order to receive federal universal service support.<sup>9</sup> These services or functionalities are as follows: voice grade access to the public switched network, local usage (i.e., amount of minutes of use of exchange services provided free of charge), dual tone multi-frequency signaling or its functional equivalent, access to emergency services, access to operator services, access to interexchange services, access to directory assistance, and toll limitation for qualifying low income consumers. Toll limitation denotes both toll blocking (which lets consumers elect not to allow the completion of outgoing toll calls) and toll control (which allows consumers to specify a ceiling amount of toll usage per month or billing cycle).<sup>10</sup>

In addition, the FCC requires all ETCs to provide Lifeline service as one of the designated services.<sup>11</sup> The FCC redefines Lifeline to consist of all the services and functionalities enumerated above, available only to all qualifying low income consumers, and for which the consumers pay reduced charges. Carriers must offer toll limitation (i.e., the option of toll blocking or toll control) to Lifeline customers as part of Lifeline service.<sup>12</sup> All designated ETCs are also required to offer qualifying low-income consumers reduced service connection charges and/or deferred schedule of payment of these charges under the Link Up assistance program.<sup>13</sup> Under the Link Up program, customers may receive assistance for second or subsequent service connections for a principal residence with different address from the previous residence for which assistance was received.<sup>14</sup> Furthermore, all ETCs are prohibited from disconnecting Lifeline service for non-payment of toll charges and may not collect service deposits from customers who select toll blocking.<sup>15</sup> A state commission shall file or require an ETC to file information with the federal universal service administrator demonstrating that the carrier's Lifeline service meets the FCC requirements. Lifeline assistance shall be made available once the Administrator certifies that the carrier's Lifeline plan meets the criteria.<sup>16</sup>

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<sup>8</sup> FCC97-157. Paragraph 148.

<sup>9</sup> 47 C.F.R. § 54.101(a) and (b).

<sup>10</sup> 47 C.F.R. § 54.400(a)(2) to (4).

<sup>11</sup> FCC 97-157. footnote 342; 47 C.F.R. § 54.405.

<sup>12</sup> 47 C.F.R. § 54.401(a).

<sup>13</sup> 47 C.F.R. § 54.411(a).

<sup>14</sup> 47 C.F.R. § 54.411(c).

<sup>15</sup> 47 C.F.R. § 54.401(b) and (c).

<sup>16</sup> 47 C.F.R. § 54.401(d).

The FCC's revised Lifeline program will provide a baseline federal support amount of \$3.50 to a state regardless of whether the state provides intrastate Lifeline support. An additional \$1.75 will be available, provided the state approves the additional reduction in intrastate rates with no matching requirement. Federal support will further increase by an amount equal to one-half the amount of any intrastate Lifeline support up to an additional \$1.75.<sup>17</sup> Currently, California receives only \$1.75 per Lifeline customer in the form of a partial waiver of the end-user common line charge (EUCL). As a result of the new federal program, California may receive the full federal Lifeline support even with its current self-certification requirement for qualifying low income customers.<sup>18</sup>

The FCC rules allow carriers that are otherwise eligible for designation as ETCs to request state commission approval for additional time to complete network upgrades needed to provide single-party service, access to E911 service, or toll limitation. A state commission may grant such a request only upon a finding of exceptional circumstances that prevent a carrier from providing any of these services, and for a period of time the state commission deems necessary for the carrier to complete the network upgrades.<sup>19</sup> ETCs may also request a state commission for a waiver of the requirement not to disconnect Lifeline service for non-payment of toll charges. Pursuant to the FCC rules, a state commission may grant such a waiver if the local exchange carrier can demonstrate that: (1) it would incur substantial costs in complying with this requirement; (2) it offers toll limitation to its qualifying low-income consumers without charge; and (3) telephone subscribership among low-income consumers in its service area is greater than the national subscribership rate for low income consumers.<sup>20</sup>

The Commission's Universal Service Decision (D.)96-10-066 issued in October 1996 contains many provisions which are relevant to the implementation of the federal universal service order. The Universal Service decision ordered all ILECs and CLCs to provide Universal Lifeline Telephone Service (ULTS).<sup>21</sup> This means that all ILECs and CLCs that are potential ETCs currently provide the form of lifeline service approved by the Commission. The Commission also defined a set of basic services that all carriers must provide.<sup>22</sup> This definition includes most of the elements of the FCC's designated services for ETCs with the exception of the choice of toll limitation for lifeline customers. Furthermore, the Commission established the census block group as the Geographic Serving Area (GSA) and anticipated that this would serve as the service area for ETCs.<sup>23</sup>

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<sup>17</sup> 47 C.F.R. § 54.403(a).

<sup>18</sup> FCC 97-157. Paragraph 376.

<sup>19</sup> 47 C.F.R. § 54.101(c).

<sup>20</sup> 47 C.F.R. § 54.401(b)(I).

<sup>21</sup> D.96-10-066, Appendix B, Adopted Universal Service Rules, 4.B.8.

<sup>22</sup> D.96-10-066, Appendix B, Adopted Universal Service Rules, 4.A

<sup>23</sup> D.96-10-066, p. 199, Appendix B, Adopted Universal Service Rules, 6.A.2.

### **IMPLEMENTATION OF D.96.10.066**

This is the second Resolution issued by the Commission to implement the following directive set forth in D.96-10-066:

"The Telecommunications Division shall review and compare all the universal service rules that the Federal Communications Commission may adopt, and shall identify issues that are inconsistent with the universal service rules adopted today, or which have not yet been addressed by the CPUC. Upon the completion of the staff's review, the staff shall recommend to the Commissioners what issues need to be resolved." (Ordering Paragraph 17, emphasis added)

The Commission previously issued Resolution T -16052 as part of an ongoing effort to implement the above quoted ordering paragraph. This previous resolution approved a "discount matrix" for intrastate services provided to eligible schools and libraries, and thereby discharged the State's obligation under the FCC's rules to establish intrastate discounts at least equal to the interstate discounts available to schools, libraries, and rural healthcare providers. (FCC 97-157, para. 550)

### **WORKSHOP**

On its own initiative, the Telecommunications Division (TD) held a workshop on September 18, 1997, at the CPUC Auditorium in San Francisco, to discuss TD's proposed Commission action and procedures for designating ETCs. Workshop notices were posted on the Commission's Daily Calendar and mailed to all incumbent local exchange carriers (ILECs), competitive local carriers (CLCs), broadband CMRS carriers, and the service list of the Commission's Universal Service proceeding (R.95-01-020/I.95-01-021), on September 8, 1997. A draft document titled "PROPOSED CPUC ACTIONS AND PROCEDURES TO IMPLEMENT FCC's ELIGIBLE TELECOMMUNICATIONS CARRIER (ETC) REQUIREMENTS" was included with the workshop notices that were mailed out. (A copy of the workshop notice and the draft document is attached as Appendix A of this resolution.)

Staff of the Telecommunications Division (Staff) facilitated the workshop, which was attended by 26 participants. (A list of the workshop participants is attached as Appendix B.) At the start of the workshop, Staff distributed a revised version of the draft document ( attached as Appendix C), which became the basis of the workshop discussions.<sup>24</sup> Staff reiterated that the purpose of the workshop is to establish an expeditious procedure for the Commission to designate ETCs in California. Staff explained that the draft document outlining Staff's proposed Commission action and procedures for implementing the FCC mandate, was intended to facilitate input from the workshop participants. Staff emphasized its expectation that the workshop discussions on its proposals would be incorporated in a Commission resolution designating carriers as ETCs.

There was general agreement on the Staff's proposal to have the Commission designate ETCs through a Commission resolution process. There was no objection to the Staff's suggestion that

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<sup>24</sup> Sprint Spectrum, L.P., doing business as Sprint PCS, provided written comments during the workshop.

the Commission designate all ILECs as ETCs, given that the Commission has also designated them as carriers of last resort (COLR) in the Universal Service proceeding. Other facilities-based competitive local carriers (F-CLCs) and facilities-based CMRS carriers, may be designated ETCs upon request and provided they meet the ETC requirements set forth in the FCC rules. Most participants had no objections to the Staff's suggestion that carriers seeking ETC status beginning January 1, 1998, should file on or before November 3, 1997, (1) self-certification letters indicating that they meet the ETC criteria, and if necessary, (2) advice letters to implement tariff changes consistent with the FCC requirements. Participants suggested that carriers should file any requests for additional time and for waiver of certain requirements at the same time they file their self-certification letters on November 3, 1997. Such requests are particularly applicable for the provision of toll control and the prohibition on non-disconnect of Lifeline service for non-payment of toll charges. Most carriers indicated at the workshop that they currently offer single party service and are able to provide access to E911 service and toll blocking, such that there is no need to request for additional time to perform network upgrades to provide these services.<sup>25</sup>

Carriers asked whether they would be compliant with the requirement to offer toll limitation if they provide toll blocking, but not toll control. Representatives of the small LECs indicated that it is not technically feasible for their companies to offer toll control at this time. They cited the need for switch upgrades, extensive revisions of billing systems, and the establishment of new information exchanges between the LEC and the customer's long distance service provider(s), in order to keep a real time record of a customer's toll calls during a given billing period. Staff clarified its view that the current FCC rules require carriers to be able to provide both toll blocking and toll control as options to Lifeline customers.<sup>26</sup> Thus, to the extent that carriers are unable to provide toll control, they must request for additional time to do so in accordance with the FCC rules. Staff suggested that carriers seeking additional time to perform network upgrades to provide toll control should include their justifications for their requests in their self certification filings on November 3, 1997.

A large LEC asked if the Commission could grant an extension of time for implementing the prohibition on disconnection of Lifeline service for non-payment of toll charges. The purpose of this extension would be to allow for the consideration of a possible waiver request, the time necessary to implement the program, and the possible resolution of various appeals on the issue. Staff indicated its view that the FCC rules do not contemplate such an extension of time for the non-disconnect requirement. Other concerns were raised about what services comprise "toll" and at what point carriers can disconnect Lifeline customers who only make partial payments. Carriers cited their practice to apply partial payments equally to all telecommunications services in a customer's bill. Staff pointed out the FCC requirement that carriers apply partial payments received from Lifeline customers first to local service charges and then to toll charges.<sup>27</sup>

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<sup>25</sup> The FCC provided specific exemptions and extension of time for wireless carriers to provide E911 service. (FCC 97-157, Para. 73 and 90.)

<sup>26</sup> The obligation to provide toll control is the subject of pending petitions for reconsideration before the FCC.

<sup>27</sup> FCC 97-157,1393.

Staff solicited comments on how compliance with the advertising requirement could be achieved by carriers designated as ETCs. Carriers questioned whether they have to comply with this requirement prior to January 1, 1998, in order to be designated ETCs, or whether it is sufficient for them to self-certify that they will advertise the availability of the designated services in their service areas. There appears to be consensus with the latter interpretation; hence, it was suggested that carriers' self-certification letters should attest to their compliance with this requirement as designated ETCs. Carriers also asked whether the Commission plans to prescribe specific advertising requirements. Staff indicated that carriers would be asked to describe their advertising plans as part of their self-certification letters, but that no specific form of advertising would be prescribed.

Participants suggested that a Commission directive in the form of a Commission resolution, an Assigned Commissioner Ruling, or a letter from the Director of TD, whichever is most appropriate, should be initially issued outlining the procedures for designating ETCs and ordering carriers to submit the necessary documents by November 3, 1997, as Staff has proposed.

Another Commission resolution should be issued before the end of 1997 designating carriers as ETCs beginning January 1, 1998. Consumer representatives at the workshop pointed out the need for interested parties to be able to review and, if necessary, protest the filings to be submitted by carriers on November 3, 1997, particularly with respect to the carriers' compliance with the ETC service requirements, tariff changes, and any requests for waiver/additional time to provide certain designated services. It was suggested that the carriers' filings requesting ETC status be made available to other carriers and parties in the Universal Service proceeding service list. There was also consensus that the Commission specify what information should be contained in the carriers' filings in its initial directive to be issued prior to November 1997.

## **DISCUSSION**

This Resolution adopts for the most part Staff's proposed procedures for designating ETCs, as modified during the workshop. The Commission finds the procedures outlined in this Resolution to be reasonable and expeditious in implementing the FCC mandate for state commissions to designate carriers eligible to receive federal universal service support beginning January 1, 1998. Additional guidelines for carriers requesting designation as ETCs are also discussed in this Resolution to further facilitate compliance with the FCC requirements.

This Resolution does not modify the mechanism for high cost support and COLR requirements that the Commission adopted in its Universal Service proceeding. This Resolution also does not modify the state's Universal Lifeline Telephone Service (ULTS) program, but rather would allow eligible carriers to offer the federal Lifeline and Link up services designated for federal support. The Commission currently requires all LECs and CLCs to provide ULTS service at or below the statewide ULTS rate established by the Commission.<sup>28</sup> There are carriers (e.g., pure resellers

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<sup>28</sup> See Rule 9, Appendix E, of D.96-02-072 in the Local Competition Proceeding (R.95-04-043/I.95-04-044); and Rule 5, Appendix B, of D.96-1 0-066 in the Universal Service Proceeding.

and other non-ETCs) which will not be eligible to receive federal Lifeline and Link Up support, but which are nevertheless required to offer ULTS service to qualifying low-income customers in California. The Commission's ULTS program will continue to provide reimbursements to such carriers for their provision of ULTS services. For designated ETCs, the Commission foresees that their draw from the ULTS fund would be lessened by the corresponding support from the federal program. The Commission shall address the changes in carrier's ULTS reimbursements and end-user ULTS surcharges as a result of the federal program in another Commission resolution.

### **A. Designation of Eligible Telecommunications Carriers**

The Commission intends to designate all ILECs as ETCs. This is consistent with the Commission's designation of these carriers as COLR in its universal service decision. Facilities-based CLCs and CMRS carriers may be designated ETCs upon request provided that they meet the ETC criteria and service requirements. "Pure" resellers cannot be designated as ETCs in accordance with the FCC rules.

To be designated as ETC beginning January 1, 1998, all ILECs and other facilities-based carriers wishing to obtain ETC status should submit the following to the Telecommunications Division on or before November 3, 1997:

1. *A self-certification letter indicating that the carrier meets the FCC's eligible carrier criteria.* The self-certification letter should include (a) the service areas (as defined in Section C. below) for which the carrier is requesting ETC designation; (b) an itemization of the services to be provided; (c) a list of any designated services which the carrier proposes not to provide and for which the carrier is requesting an extension of time (following the guidelines set forth in Sections A.3 below); (d) an indication of whether the carrier plans to request a waiver of the requirement that an ETC not disconnect Lifeline service for non-payment of toll; and (e) a description of the carrier's advertising plan, indicating the advertising media to be used, and an explanation of how its plan meets the advertising requirement in section 214(e) of the Act.
2. *Advice letters, if necessary, to implement tariff changes to be effective January 1, 1998.* Only tariffs that are inconsistent with the new policies need to be modified. This requirement does not apply to CMRS carriers to the extent that they are not currently required to file tariffs with the Commission. CMRS carriers should indicate in their self-certification letters how federal Lifeline and Link Up rate reductions will be passed through to qualifying low-income consumers.
3. *Any request for additional time to perform network upgrades to provide single-party service, access to E911 service, and/or toll limitation to low-income customers.* The carrier should include a justification for their extension request, the length of time for which the extension is being sought, and provide an implementation plan, including the estimated cost, for undertaking the network upgrades necessary to provide any of the above services. The Commission will consider the carrier's request and make its determination, through a Commission resolution, by January 1, 1998. Pursuant to the FCC rules, the Commission may grant such a request only upon a finding that exceptional circumstances prevent an otherwise



eligible carrier from providing any of these services. The Commission shall specify the duration of the extension granted to each carrier on a case by case basis, but not to extend beyond a length of time found reasonable by the Commission. Carriers that have been granted such an extension shall be required to submit monthly reports to the Telecommunications Division indicating the status of implementation, cost incurred to date, and expected completion date of the necessary network upgrades.

Copies of the November 3, 1997, required filings shall also be served by the applicant carrier on parties in the Universal Service proceeding service list, and to all ILECs and facilities-based carriers. Interested parties may submit protests on a carrier's request within 10 days of the carrier's filing. The Commission shall not entertain protests on the carrier's advice letter filings to the extent that these advice letters are compliance filings necessary to implement tariff changes consistent with the federal requirements.

A carrier may apply and submit the documents itemized above after November 3, 1997, but they may not be designated as an ETC by January 1, 1998. The Commission may, in the case of areas served by rural LECs<sup>29</sup>, and shall, in the case of all other areas, designate more than one ETC for a service area so long as each additional requesting carrier meets the ETC requirements and the designation is consistent with the public interest, convenience, and necessity.<sup>30</sup>

The Commission may withdraw ETC designation if a carrier fails to comply with the ETC criteria or provide any of the designated services.

## **B. Waiver of the Prohibition on Disconnection of Lifeline for Non-Payment of Toll**

Any designated ETC may apply to the Commission for a waiver of the prohibition to disconnect Lifeline service for non-payment of toll charges. Waivers can only be entertained once a carrier has become an ETC for several reasons. Pursuant to the FCC rules, the Lifeline disconnect provisions are not directly incorporated in the ETC criteria or definition of designated services. In addition, carriers are only prohibited from disconnecting Lifeline for non payment of toll if they are designated as ETCs. Finally, one of the criteria for considering a waiver request is that the carrier offer toll limitation free of charge. Since toll limitation is being required for the first time through the ETC designation process, compliance with the new toll limitation requirements will only be certain once a carrier is designated an ETC. The waiver application must demonstrate that (a) the carrier would incur substantial costs in complying with this requirement, (b) the carrier offers toll limitation to qualifying low income consumers without charge, and ( c ) the telephone subscribership among low-income consumers in the carrier's service area is greater than or equal to the national subscribership rate for low income consumers.

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<sup>29</sup> The Commission considers the following small ILECs as rural LECs: Calaveras Telephone Company, California-Oregon Telephone Company, Citizens Telecommunications Company of the Golden State, Citizens Telecommunications Company of Tuolumne, Ducor Telephone Company, Evans Telephone Company, Foresthill Telephone Company, GTE West Coast, Happy Valley Telephone Company, Homitos Telephone Company, Kerman Telephone Company. The Ponderosa Telephone Company, Pinnacles Telephone Company, Sierra Telephone Company, Siskiyou Telephone Company, The Volcano Telephone Company, Winterhaven Telephone Company.

<sup>30</sup> 47 CFR § 54.201(c).

### **C. Designation of Service Areas**

The Commission will designate Geographic Study Area (GSA) as the service area for purposes of the federal universal service obligations and support mechanisms for areas served by non-rural LECs. This is consistent with the Commission's universal service decision which adopted census block groups (CBGs) as the GSA for purposes of distributing CHCF-B support.

For areas served by rural ILECs, the Commission will designate the ILECs' study area as service area for purposes of the federal universal service obligations and support mechanisms. For areas served by non-rural LECs, carriers must identify all the GSAs within their service territories for which they seek to be designated as ETCs.

### **D. Service Requirements**

In their self-certification letters, carriers seeking ETC status should indicate compliance with the service obligations imposed on ETCs under the FCC rules. All ETCs are required to offer all the services designated for federal universal service support, in the service areas for which they are designated ETCs. For certain services, under exceptional circumstances, the Commission may grant an extension of time for network upgrades pursuant to the process outlined above. Except for toll limitation to qualifying low-income consumers, the FCC-designated services are included in the Commission's definition of basic exchange service which ILECs and CLCs are currently required to provide at the minimum. The Commission is not considering changing its definition of basic service and lifeline service at this time to conform with the FCC rule; nevertheless, ETCs must offer toll limitation free of charge to qualifying low-income customers in order to receive federal universal service support, unless granted an extension by the Commission.

All ETCs shall make available Lifeline service as defined by the FCC. ETCs must offer toll limitation to Lifeline customers; not disconnect Lifeline service if a customer fails to pay toll charges; not require a service deposit if the Lifeline customer elects toll blocking, and offer services under the FCC's Link Up program. The FCC Link Up program allows qualifying low-income customers to get discounted rates for second and subsequent service connections within a year for principal place of residence with address different from the previous address for which Link Up assistance is received. Under the ULTS program, a ULTS customer is allowed only one installation per year at reduced service connection charges. For the time being, a ULTS customer's first connection per year will be funded through the ULTS program and priced at the ULTS rate. For the first connection, the ULTS program will reimburse ETCs for the difference between the current ULTS rate and the rate that would have been charged eligible customers under the Link Up program. Changes in carrier's ULTS reimbursements as a result of the federal Lifeline and Link Up programs will be addressed in another Commission resolution pertinent to the ULTS.

## **FINDINGS**

1. Only eligible telecommunications carriers (ETCs) are eligible for federal universal service support beginning January 1, 1998.
2. The Commission is responsible for designating ETCs in California.
3. Carriers should satisfy the criteria established by Section 214(e) of the Act and set forth in the FCC rules in order to be designated as ETC.
4. ETCs should provide the services designated for federal universal service support.
5. ETCs should provide Lifeline and Link Up.
6. Carriers providing Lifeline should supply designated services to Lifeline customers, offer toll limitation, not disconnect Lifeline service for non-payment of toll charges, and not collect service deposits from customers who select toll blocking.
7. The Commission may grant an extension of time for network upgrades needed to provide some of the designated services, i.e., single party service, access to E911, and/or toll limitation.
8. The Commission may grant a waiver of the prohibition to disconnect Lifeline service for non- payment of toll charges.
9. The Telecommunications Division (TD) held a workshop on September 18,1997, to discuss TD's proposed procedures for designating ETCs.
10. The procedures described in the Discussion section of this Resolution are reasonable and allow expeditious designation of ETCs by the Commission.
11. This Resolution is part of an ongoing process to implement Ordering Paragraph 17 of D.96-10-066 which directed Commission staff to review the FCC's universal service rules and recommend to the Commission what issues need to be resolved.

## **THEREFORE, IT IS ORDERED THAT:**

1. All carriers seeking eligible telecommunications carrier (ETC) status beginning January 1, 1998, shall apply by November 3,1997.
2. Requests for ETC status must include:
  - a) a self -certification letter, addressed to the Director of the Telecommunications Division.
  - b) advice letters, if necessary , to implement tariff changes to be effective January 1, 1998. This provision would not apply to carriers that are not required to maintain tariffs.
  - c) any request for additional time to perform network upgrades to provide single-party service, access to E911 service, and/or toll limitation to low income customers.
3. A self-certification letter from a carrier seeking ETC status must indicate:
  - a) the service areas for which the carrier is requesting ETC designation,
  - b) an itemized list of the designated services to be provided,

- c) a list of any services which the carrier proposes not to provide and for which the carrier is seeking an extension of time,
  - d) an indication of whether the carrier plans to apply for a waiver of the requirement that an ETC not disconnect lifeline for non-payment of toll,
  - e) a description of the carrier's advertising plan, indicating the advertising media to be used, and an explanation of how its plan meets the advertising requirement in section 214(e) of the Telecommunications Act, and
  - f) in the case of CMRS carriers, indicate in their self -certification letters how federal Lifeline and Link Up rate reductions will be passed though to qualifying low-income consumers
- 4. A request for additional time to perform network upgrades to provide single-party service, access to E911, and/or toll limitation to low income customers must include:
  - a) a justification for the extension request,
  - b) an indication of the length of time for which the extension is being sought,
  - c) an implementation plan for undertaking the network upgrades necessary to provide any of the above services, and
  - d) an estimate of the cost of undertaking the network upgrades necessary to provide the above services.
- 5. Any designated ETC may apply to the Commission for a waiver of the prohibition to disconnect Lifeline service for non-payment of toll charges. This application must demonstrate that:
  - a) the carrier would incur substantial costs in complying with this requirement,
  - b) the carrier offers toll limitation to qualifying low income consumers without charge, and
  - c) the telephone subscribership among low-income consumers in the carrier's service area is greater than or equal to the national subscribership rate for low income consumers.
- 6. Requests for ETC designation must be served on all parties to the universal service proceeding (OII/R 95-01-020/021), all LECs, all facilities-based CLCs, and all facilities-based broadband CMRS carriers.
- 7. The Executive Director shall serve a copy of this Resolution on all parties to the universal service proceeding (OII/R 95-01-020/021), all LECs, all facilities-based CLCs, and all facilities-based broadband CMRS carriers.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on October 9, 1997. The following Commissioners approved:

/s/ WESLEY M. FRANKLIN

WESLEY M. FRANKLIN  
Executive Director

P. GREGORY CONLON  
President  
JESSIE J. KNIGHT, JR.  
HENRY M. DUQUE  
JOSIAH L. NEEPER  
RICHARD A. BILAS  
Commissioners